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## THE ROLE OF THE HUMAN FACTOR IN IMPLEMENTING ORGANIZATIONAL CHANGES IN THE CORPORATION

## РОЛЬ ЛЮДСЬКОГО ФАКТОРУ У ПРОВЕДЕННІ ОРГАНІЗАЦІЙНИХ ЗМІН В КОРПОРАЦІЇ

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The article is dedicated to the issues of determining the role of the human factor in carrying out organizational changes in a corporation. The lifespan of a corporation depends on its adaptation to the external environment, for which it must be able to carry out appropriate organizational changes. The author proposed a model of the change management process in a corporation and showed the role of managers at all levels at each stage, revealing the content of these stages. Organizational innovation of any kind is a challenge for managers, who must be the initiators and conductors of all changes in the corporation, which places special demands on managers. The skills and abilities of managers and other employees of the corporation are identified, which become especially relevant in the context of organizational changes. The formation and maintenance of these skills and abilities must occur continuously and purposefully. The most important tool for the professional development of corporation employees and to prepare them for upcoming organizational changes is in-house training.

**Key words:** corporation, human factor, management, organizational changes, creativity.

Стаття присвячена питанням визначення ролі людського фактора в проведенні організаційних змін в корпорації. Ціль статті полягає у вивченні ролі людського фактора в проведенні організаційних змін в корпорації. Корпорація є особливим типом організації. У зв'язку з цим, їй притаманні ознаки будь-якої організації, проте, в той саме час, вона володіє відмінними особливостями, урахування яких необхідно при організації та реалізації управління нею. Тривалість життя корпорації залежить від її адаптації до зовнішнього середовища, для чого вона повинна бути здатною здійснювати відповідні організаційні зміни. Автором запропонована модель процесу управління змінами в корпораціях і визначена роль менеджерів усіх рівнів на кожному з етапів. Виявлені основні загрози успішної реалізації організаційних змін, як то: нечітке уявлення стосовно подальшого розвитку, відсутність розуміння критеріїв досягнення цілей і стратегічних орієнтирів; неадекватна оцінка людських, фінансових ресурсів; опір організаційним змінам з боку персоналу компанії; недостатня підготовленість персоналу, і, перш за все, вищого керівного складу, до ефективної роботи в умовах мінливого середовища і при відсутності необхідних компетенцій. Визначені навички та здібності менеджерів та інших співробітників корпорації, які набувають особливу актуальність в умовах організаційних змін. Формування і підтримка даних навичок і умінь повинна відбуватися цілеспрямовано і на безперервній основі. Важливим інструментом, що дозволяє здійснювати професійний розвиток співробітників корпорації, і підготувати їх до організаційних змін, виступає внутрішньокорпоративне навчання. Для успішного функціонування корпорації в сучасних умовах необхідно, в першу чергу, знайти адекватні форми управління людськими ресурсами, які дозволяють здійснити їх перетворення в людський капітал. Кваліфікований персонал є ключовим елементом стратегічної переваги корпорації, оскільки він володіє необхідними знаннями і навичками для ефективного виконання завдань та досягнення поставлених цілей. Успіх будь-якої корпорації в сучасному конкурентному середовищі залежить саме від наявності висококваліфікованого персоналу, який може швидко адаптуватися до змін та приймати обґрунтовані стратегічні рішення. Компанії, що вкладають у навчання та розвиток свого персоналу, мають перевагу, оскільки це дозволяє пристосовуватися до нових умов господарювання та вимог ринку.

**Ключові слова:** корпорація, людський фактор, менеджмент, організаційні зміни, креативність.



**Problem setting.** It is difficult to imagine a modern corporation without constant development. The need for development can be caused both by the environment and by a change in the internal environment. The leaders of the most successful modern corporations realize that internal changes must correspond to the dynamics of the external environment.

Many companies are forced to carry out transformations not even for the sake of prosperity, but simply to survive in modern conditions. Rapid technological and market changes, globalization of the economy, and the growth of e-business create not only new opportunities, but also threats to the company's management.

**Analysis of recent research and publications.** Theoretical and methodological principles of corporate management, personnel management are studied in the works of such domestic and foreign scientists as: J. Phillips, M. Hessel, O. V. Tarasova, S. S. Marinova, O. V. Kamianska, M. I. Kopitko, O. V. Kharchyshyn and others.

The works of these authors are of great importance for the scientific analysis of the place and role of corporations in the modern economy, the role, tasks and functions of the personnel management system as a whole in organizations.

**Highlighting previously unresolved parts of the overall problem.** In scientific works of Western and Ukrainian scientists, issues related to teaching methods, individual forms and types of teaching, and evaluation of its effectiveness are studied.

At the same time, there is a need to conduct research that would allow us to understand and generalize the experience accumulated by companies, to approach the problem of forming and developing a human resources management system that allows them to be transformed into human capital.

Qualified personnel is becoming today the most important factor of the strategic advantage of the corporation, the relationship with the corporate management system, with the process of development of corporations. Thus, insufficient methodical study of the relationship between the personnel training system and the corporate management system, its integration with the development process of the corporation determined the choice of direction and goal of work.

**The aim of the study** is to develop theoretical and methodological provisions and recommendations for studying the role of the

human factor in carrying out organizational changes in the corporation.

**Presentation of the main research material.** Research on the lifespan of corporations allows us to identify common characteristics for companies with long-term activities. Common features of these corporations can be distinguished, namely:

- adaptability to the external environment, which determines their ability to learn;
- a high degree of staff cohesion and the identity of the organization's culture, which directly affects the company's ability to create its values;
- tolerance to new or opposing ideas and types of activities, which ensures openness of training and an objective assessment of the general state of the organization's external environment;
- conservative financing as a deterrent to the corporation's risky investments [6, p. 126; 7, p. 53].

In order to adapt to the environment, the company makes appropriate changes. Organizational change is the process of system transition to a qualitatively different state in accordance with our idea of the desired future. As a rule, they are connected with the transformation of business strategy, for example, with entering new sales markets, with mergers and acquisitions of other companies, which is very characteristic of Ukrainian business at the stage of its development. Organizational changes are aimed at increasing the efficiency of corporation management [2].

The long-term prosperity of the corporation is closely related to the organizational ability to thoughtfully manage its own development. Organizational innovation of any kind is a challenge for managers. The blame for the company's unpreparedness for changes, for its inability to predict new trends or adapt to them, lies exclusively with the management.

Managing transformations, managers should:

1. To be aware of the need for changes within the company, to analyze the factors and conditions affecting them, to understand the essence, meaning and depth of transformations.
2. Be aware that any transformation can meet quite serious resistance from employees. And here managers must find ways to overcome this resistance, be able to motivate employees.
3. Forecast possible organizational changes and manage their implementation. The process of implementing major changes includes several stages, each of which is very

significant and takes a certain amount of time. It is the management of the company that is responsible for leading the employees and the company itself through changes [5, p. 73].

The stages of the change management process are presented in Fig. 1.

Since the causes of changes can be caused by both the external and internal environment, the first step is to analyze information about the factors of the external and internal environment, including the conditions of competition, market position, social, technological and demographic trends, profits and losses, production technologies and management that the company has. As a result of the analysis, it is necessary to identify problems, the solution of which is aimed at organizational changes.

After that, top managers are obliged to present their conclusions to all employees in an accessible form. Any changes almost always cause a state of uncertainty in the company. In this case, the success of the measures largely depends on the extent to which the corporation's personnel are involved in the process, and how clear and transparent the goals of organizational changes are.

At the second stage, problems are evaluated, as well as the company's capabilities and resources to solve them. The management of the corporation determines the areas of possible changes (Table 1) and their characteristics, such as:

- the significance of the changes in relation to the main task of the corporation;
- the degree of their novelty;
- depth; systematicity, interconnectedness of changes («wave effect»);
- their pace; attitude to changes in the corporation [7, p. 92].

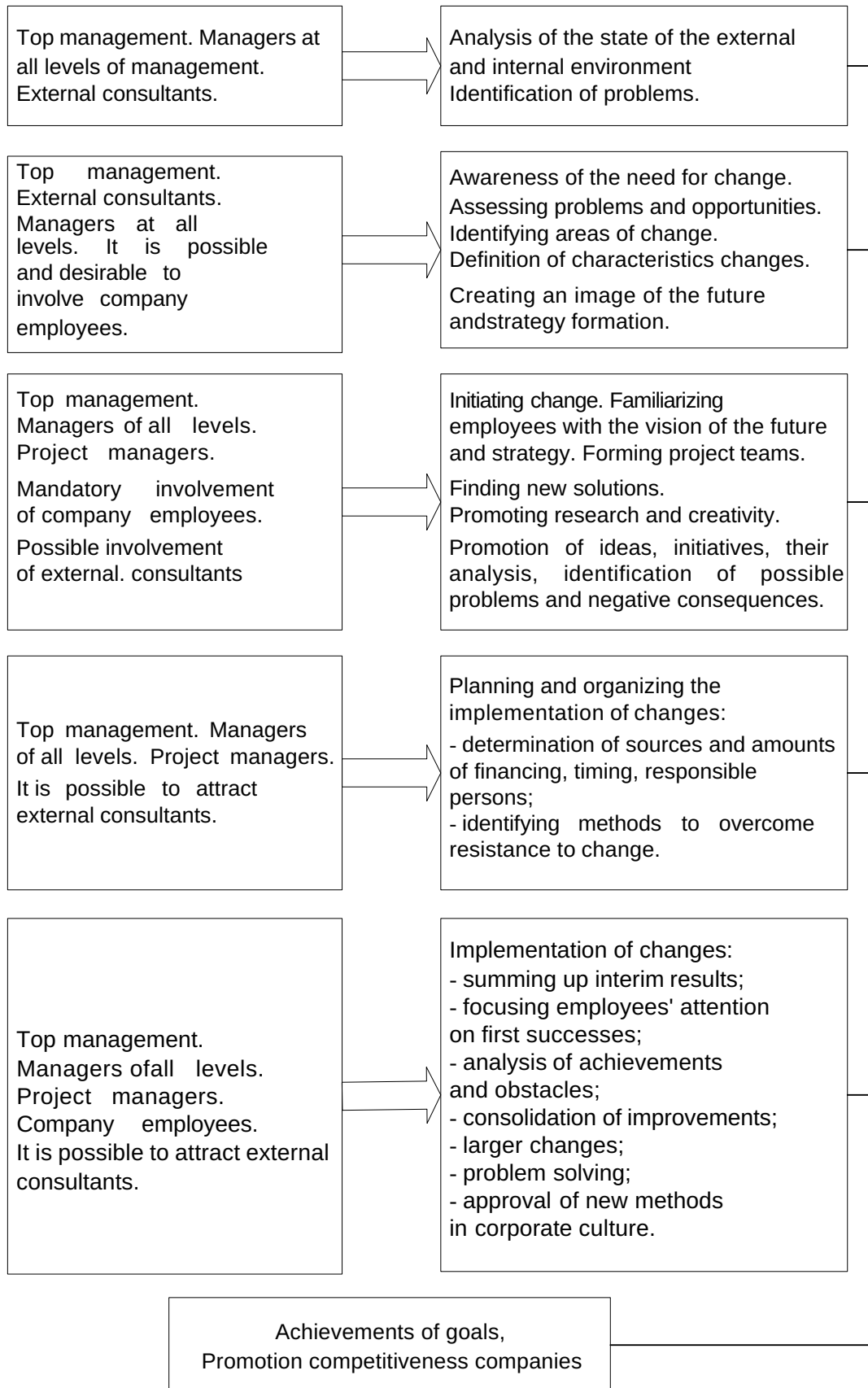
Areas of change and their characteristics determine ways of managing organizational transformations.

The stage ends with creating an image of the future by formulating the corporation's strategy. The formation of a common vision of the future can begin at strategic planning sessions for the top managers of the corporation, where common goals are considered in the context of strategic business development. Next, the ideas of top management are translated to the level of middle management, while the cascade principle is used, when the goals do not just descend from top to bottom, but are discussed, supplemented and adjusted. In the third stage, management initiates changes. At the same time, it should familiarize all employees with the image of the

future and the strategy, using every opportunity for this. A picture of the future is supposed to motivate and inspire employees. A common vision of the future allows the company's personnel to be united in order to achieve a common goal. Changes will not be successful if the objectives, the criteria for their achievement, and the obvious advantages of the new, desired state of the corporation are not clear at first. Before going somewhere, it is necessary to explain why we are doing it and what we will get as a result.

Project groups (teams) are created to carry out changes. They are the ones who develop change projects in various areas of the corporation's activity, offering fundamentally new solutions. Here, managers at all levels are required to promote research and creativity, support creative, creative ideas and solutions. At the fourth stage, planning of changes and organization of their implementation is carried out. The action plan answers the questions of how we are going to move to the desired future. At the same time, it is important that not only managers, but also employees participate in the planning of events. Here, the authority of the employees must be defined so that they can bring the image of the future to life. Obstacles need to be removed, and this may require a review of existing systems, structures or procedures. When employees have the necessary knowledge and resources and imagine the direction of work, they are able to achieve their goals. For this, it is necessary to know the main sources and possible forms of resistance (Fig. 2), to develop methods of overcoming them. Within the framework of these methods, a system of motivation for change should be developed.

As a rule, work on the implementation of organizational changes is divided into a number of projects, which must be described with appropriate detail. In our opinion, the premium fund for projects included in the organizational change plan should be included in the budget in advance. Project participants thus have the opportunity to receive an additional reward for achieving project goals. It is advisable to pay remuneration not only for the achievement of final, but also intermediate results, especially when it comes to long-term projects. Opportunities provided to personnel for development become important non-material incentives. In particular, during the period of organizational changes, there is an opportunity to acquire new knowledge and skills, the number of trainings increases several times, participation in project



**Figure 1. Change management process model**

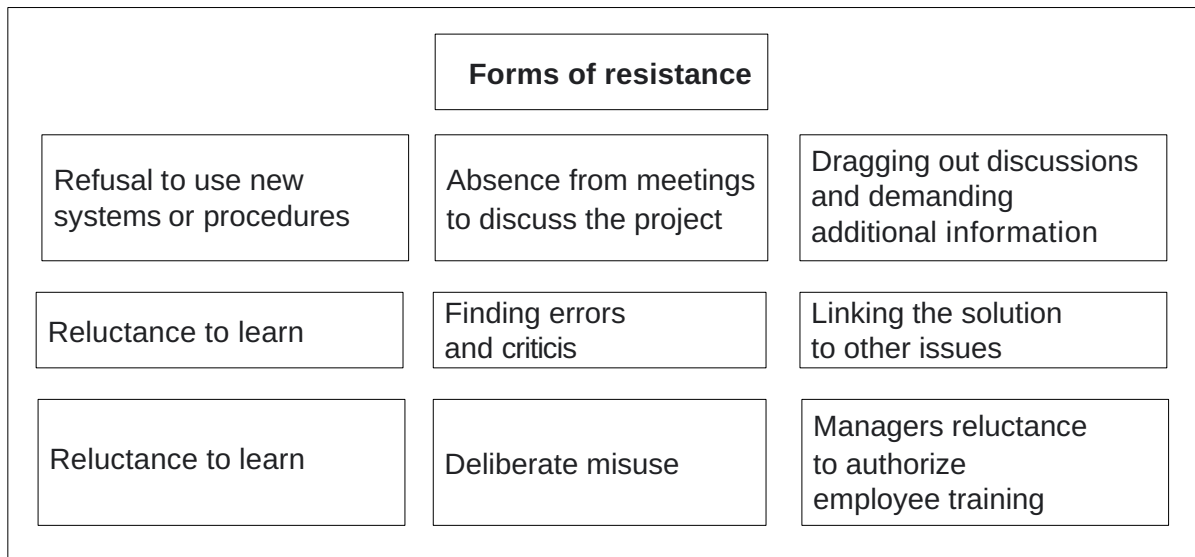
Source: compiled by the author

Table 1

**Some areas of organizational change**

Areas of change	Examples of changes
Tasks	Development of a new product or service. Changing the mission or general direction. Change in market orientation.
Business Processes	Implementation of a new process for processing customer orders. Rationalization of methods of technical operation and repair. Review of cash and capital flow management systems
Structure	Redistribution of functions and responsibilities between departments. Reviewing the organization of work tasks to increase the level of empowerment. Centralization or decentralization
Technology	Installing new hardware or software. Construction of new production. Creating a page on the Internet.
Employees	Development of training programs for consolidation of skills. Changing work tasks and offering a new service. Stimulation of a positive attitude towards consumers.

*Source: compiled by the author*



**Figure 2. Forms of resistance to change**

*Source: compiled by the author*

groups allows expanding the scope of one's activities, etc.

The fifth stage is the actual implementation of changes. This work should be done consistently and gradually. Managers first plan small but tangible improvements and implement them. At the same time, they seek to focus the attention of subordinates on the first small successes that have been achieved. Big changes take a long time, and if employees don't see the results of their efforts, their enthusiasm drains. Therefore, managers should note even small positive changes and focus on them the attention of employees.

Then there is a consolidation of improvements, more serious problems are solved and bigger changes are made. Managers transform systems and structures that do not yet correspond to the picture of the future, but no longer contradict it. They support employees capable of bringing this vision to life. At this stage, revitalization of production processes may occur with the help of the implementation of new projects. The choice of change leaders in the company is also important here. During the implementation of organizational changes, the participation of both formal and informal leaders of the company, who are able to carry out reforms, is important.

These are the so-called leaders of change, and the role of informal leaders often turns out to be much more important than the role of department heads, since the success of reforms can largely depend on the position of informal leaders. At the final stage, changes in the corporate culture are consolidated. Old habits, values, traditions, beliefs must go into the past, giving way to new ones. Employees see changes not as something temporary, but as an irreversible process. At this time, company managers must ensure the succession of generations so that the company can successfully continue its development in the future.

Among the main threats to the successful implementation of organizational changes, the following can be distinguished:

- a vague idea of the desired future state, lack of clear criteria for achieving goals and strategic guidelines;
- shortcomings in the planning of the transition process, inadequate assessment of available resources, including human, financial and temporary;
- opposition to organizational changes by company personnel;
- insufficient preparation of personnel, and above all, of the top management, for effective work in a rapidly changing environment, i.e. lack of necessary competencies.

The specified stages of the change management process are constantly overlapping each other, but each of them has its own meaning. In some cases, company managers carry out sharp transformations of all parts of the company at the same time, in others – they carry out gradual changes.

As we can see from Fig. 1, managers play a significant role at each stage. Of great importance is related to changes in the management of the company, because even in those cases when it would seem that it does not participate in the work of project implementation, the top management affects the course of transformations by the scale and consistency of support. In the event of difficulties or problems with the project manager's resources, adequate support from senior managers is required.

In order to manage the process of organizational development, the company's management must be ready for changes, it must develop itself:

- managers should have a number of qualities that would allow them to manage companies in modern conditions, to carry out organizational changes;

- managers must become real leaders of change, they need systemic thinking, the ability to create a clear, holistic picture of the future;

- managers must be able to make decisions in conditions of uncertainty, take financial and entrepreneurial risks, be able to overcome organizational and psychological difficulties in managing organizational changes;

- the most important qualities of managers should also be: organizational skills based on logical and didactic skills, initiative, purposefulness, persistence in achieving goals.

In today's world, in conditions of constant organizational changes, managers must be real leaders and possess qualities that could encourage (motivate) people to work above their normal level. Different types of modern leaders are distinguished: a transactional leader, a charismatic leader, a transforming leader, an interactive leader, a service leader [9, p. 274]. Of course, ideally, every modern leader (manager) should combine all these types of leadership in order for the company to ultimately achieve its goals. Management problems that arise in the course of organizational development, which can always be quickly solved with the help of existing knowledge. It is necessary to develop new unique solutions that the company's management has not encountered before. In these conditions, it is very important to be able to create a creative atmosphere of the corporation, to support the innovative activities of all its employees. Managers themselves must ultimately be creative individuals. Creativity is the ability to develop new approaches to solving emerging problems. Creative individuals develop ideas that, if accepted by the company, are the impetus for its acceleration.

The peculiarity of the modern situation in a corporation operating in a competitive environment is that, on the one hand, corporate rules and industrial relations require strict executive discipline and strict employee compliance with internal corporate rules. On the other hand, competition on the market, rivalry dictates the need to constantly improve the quality of one's goods and services, thereby imposing on each employee requirements of the opposite nature, related to the demonstration of innovative potential, combinatory abilities, monovariant vision of problem solving, readiness to adapt in a new environment [3; 4].

The ability to innovate, as research shows, is a rather rare quality and very necessary, as it is more important today than a rational approach regulated or fixed by traditions and

rules of behavior. Thus, in the conditions of organizational changes, the requirements for managers become much stricter.

**Conclusions.** Therefore, a modern corporation is a living organism that is in constant development, and therefore, it must involve each of its employees in solving problems, encourage all its employees to continuously improve their professional skills and self-development. The system of market relations, focused on rivalry, conditions of competition, instability of the external environment dictates new requirements for personnel and, above all, for management, which requires constant readiness and participation in confrontation processes, the search for new solutions, the ability to bring things to a conclusion, satisfy requests the client. The above determines the urgent need for

continuous development of personnel, which is carried out, first of all, by means of training and self-education of personnel, the main principle of which is continuity.

It is impossible to achieve stable functioning and development of the company without personnel development, without a significant increase in competence and improvement of the performance of hired managers and other employees. For this, the corporation must create a system of internal corporate training, which will be designed to help its employees realize the need for constant changes, innovations, and also prepare them, based on the future prospects of the company's development. And each corporation must solve this issue based on its own strategy, specifics of business and opportunities.

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